

## CRIMINAL INJURIES COMPENSATION FUND

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The Criminal Injuries Compensation Fund ("Fund") provides financial assistance to crime victims through two types of programs. The funding for the programs includes privilege taxes assessed in courts against criminal defendants and other offenders upon conviction, fees levied against parolees and probationers, the proceeds of bond forfeitures in felony cases, and a federal grant. Jurors may also elect to donate their jury service reimbursement to the Fund.

#### Criminal Injuries Compensation Program

Payments made under the Criminal Injuries Compensation Program are intended to defray the costs of medical services, loss of earnings, burial costs, and other pecuniary losses to either an innocent victim of a crime or to the dependents of a deceased victim. Applications for Criminal Injuries Compensation are filed with the Division of Claims Administration. During the 2007 fiscal year, 2,623 new claims were filed.

The division's staff reviews the application and obtains supporting information from the appropriate District Attorney's Office to determine eligibility for payment from the Criminal Injuries Compensation Fund. If the division cannot process a claim within 90 days, then the claim is transferred to the Tennessee Claims Commission. Eligible payments are issued promptly and are payable directly to the service provider if the bill is unpaid, to the victim for out-of-pocket expenses and, if appropriate, his or her attorney. On average, the division renders a decision on claims within 51 days.

During the 2007 fiscal year, the Division of Claims Administration made payments to victims of crime totaling \$12.7 million.

Victims of drunk drivers are also paid from the Criminal Injuries Compensation Fund. When the proximate cause of a death or injury is the operator's intoxication as prohibited by T.C.A. Section 55-10-401, the victim's death or injury is eligible for compensation, not to exceed a maximum award of \$30,000 plus attorney's fees.

Since the first claims were paid in 1982, the program has awarded a total of more than \$176 million to crime victims.

The Division of Claims Administration has made an effort to educate members of the public of the existence and benefits of the Criminal Injuries Compensation Program by printing and distributing informative brochures explaining the program. Public awareness efforts and the use of victim assistance coordinators in each judicial district have also aided in providing the public with information about the benefits provided through the Criminal Injuries Compensation Fund.

#### Sexual Assault Forensic Exam Reimbursement

In 2007, the General Assembly amended the Criminal Injuries Compensation Act to provide payment for services related to sexual assault forensic examinations. The Fund will provide reimbursement to a facility that performs sexual assault forensic exams on victims of certain sexually-oriented crimes. Facilities must bill the Fund (not the victim) and cannot seek any additional payment from the victim after payment by the Fund. Payment will be up to \$750 for such services for crimes occurring on or after July 1, 2007.

### SOURCES OF FUNDS

*Fiscal Years 2005-2007*

Source	2005		2006		2007	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Privilege Taxes	\$ 4,358,617	39%	\$ 4,351,199	39%	\$ 4,718,062	39%
Federal Funds	3,167,000	29%	3,177,000	29%	3,411,000	28%
Probation Fees	2,063,006	19%	2,107,481	19%	2,183,494	18%
Parole Fees	668,880	6%	764,503	7%	833,820	7%
Bond Forfeitures	515,005	5%	339,176	3%	536,720	5%
Other	191,431	2%	365,429	3%	333,891	3%
<b>Total</b>	<b>\$ 10,963,939</b>	<b>100%</b>	<b>\$ 11,104,788</b>	<b>100%</b>	<b>\$ 12,016,987</b>	<b>100%</b>

**CRIMINAL INJURIES COMPENSATION FUND****CLAIMS PAID BY CRIME TYPE***Fiscal Year 2007*

<b>Crime Type</b>	<b>Number Paid</b>	<b>Percentage of Total Claims</b>	<b>Amount Paid</b>	<b>Percentage of Total Paid</b>
Assault	747	40.3%	\$ 6,207,306	48.7%
Homicide	341	18.4%	2,869,027	22.5%
Robbery by Force	179	9.7%	1,674,421	13.2%
Child Sexual Abuse	327	17.6%	804,986	6.3%
DUI	69	3.7%	620,812	4.9%
Adult Sexual Assault	167	9.0%	335,206	2.6%
Vehicular (non DUI)	17	0.9%	171,424	1.4%
Kidnapping	1	0.1%	30,000	0.2%
Child Physical Abuse	6	0.3%	25,268	0.2%
<b>Total</b>	<b>1,854</b>	<b>100.0%</b>	<b>\$ 12,738,450</b>	<b>100.0%</b>

**NEW CLAIMS FILED***Fiscal Year 2007*

<b>Crime Type</b>	<b>Number Filed</b>
Assault	1,043
Child Sexual Abuse	493
Homicide	459
Robbery by Force	221
Adult Sexual Assault	184
DUI	106
Vehicular (Non DUI)	87
Other	18
Child Physical Abuse	9
Stalking	2
Kidnapping	1
<b>Total</b>	<b>2,623</b>

**CLAIMS DENIED BY REASON***Fiscal Year 2007*

<b>Reason Type</b>	<b>Number Denied</b>	<b>Percentage</b>
Contributory Behavior	225	22%
Insufficient Documentation	186	18%
Collateral Resource Covered Loss(es)	128	13%
Failure to Cooperate/Prosecute	124	12%
Ineligible Crime	84	8%
Ineligible Claimant	53	5%
Insufficient Proof of a Crime	44	4%
Late Filing of Claim	37	4%
Other	32	3%
No Collateral Resource Information	28	3%
Ineligible Loss(es)	27	3%
Loss(es) Less than \$100	21	2%
Late Reporting of Crime	18	2%
Passenger with Drunk Driver	9	1%
No Report of Crime	3	0%
Lack of Proper Signature	2	0%
<b>Total</b>	<b>1,021</b>	<b>100%</b>

In fiscal year 2007, 816 claims were denied. Some claims are denied for more than one reason.

**CRIMINAL INJURIES COMPENSATION FUND  
INDEPENDENT AUDITOR'S REPORT**

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT / DIVISION OF STATE AUDIT  
SUITE 1500, JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0264  
PHONE (615) 401-7897 / FAX (615) 532-2765**

December 7, 2007

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the accompanying balance sheets of the Criminal Injuries Compensation Fund, a special revenue fund of the State of Tennessee, as of June 30, 2007, and June 30, 2006, and the related statements of revenues, expenditures, and changes in fund balances and revenues, expenditures, and changes in fund balances (budget and actual) for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements, based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. Tennessee statutes, in addition to audit responsibilities, entrust certain other responsibilities to the Comptroller of the Treasury. Those responsibilities include approving accounting policies of the state as prepared by the state's Department of Finance and Administration; approving certain state contracts; and participating in the negotiation and procurement of services for the state.

As discussed in Note A.1., the financial statements referred to above present only the Criminal Injuries Compensation Fund, a special revenue fund, and do not purport to, and do not, present fairly the financial position of the State of Tennessee as of June 30, 2007, and June 30, 2006, and the changes in its financial position and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Criminal Injuries Compensation Fund of the State of Tennessee as of June 30, 2007, and June 30, 2006, and the changes in its financial position and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007, on our consideration of the Criminal Injuries Compensation Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

Arthur A. Hayes, Jr., CPA  
Director

**CRIMINAL INJURIES COMPENSATION FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2007 AND JUNE 30, 2006**

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	<b>June 30, 2007</b>	<b>June 30, 2006</b>
<b>ASSETS</b>		
Cash	\$ 8,266,771	\$ 9,485,341
Accounts receivable	<u>450,120</u>	<u>401,514</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,716,891</u></b>	<b><u>\$ 9,886,855</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 104,878	\$ 171,136
Claims liability	<u>6,748,933</u>	<u>6,579,809</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,853,811</u></b>	<b><u>6,750,945</u></b>
<b>FUND BALANCES</b>		
Reserved for victims of drunk drivers (see Note B.1)	1,862,436	1,738,764
Unreserved	<u>644</u>	<u>1,397,146</u>
<b>TOTAL FUND BALANCES</b>	<b><u>1,863,080</u></b>	<b><u>3,135,910</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,716,891</u></b>	<b><u>\$ 9,886,855</u></b>

*See accompanying Notes to the Financial Statements*

**CRIMINAL INJURIES COMPENSATION FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

	For the Year Ended June 30, 2007	For the Year Ended June 30, 2006
<b>REVENUES</b>		
State		
Taxes	\$ 4,718,062	\$ 4,351,199
Fees	3,017,314	2,871,984
Federal	3,411,000	3,177,000
Interest income	331,847	362,985
Other	<u>538,764</u>	<u>341,620</u>
<b>TOTAL REVENUES</b>	<b><u>12,016,987</u></b>	<b><u>11,104,788</u></b>
<b>EXPENDITURES</b>		
Claim payments	12,907,574	10,516,432
Victims' coalition grant	100,000	100,000
District Attorneys General grant	197,591	164,400
Administrative cost	<u>686,652</u>	<u>679,182</u>
<b>TOTAL EXPENDITURES</b>	<b><u>13,891,817</u></b>	<b><u>11,460,014</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(1,874,830)</u></b>	<b><u>(355,226)</u></b>
<b>OTHER FINANCING SOURCES</b>		
Transfer from general fund	<u>602,000</u>	<u>0</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<b><u>602,000</u></b>	<b><u>0</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>(1,272,830)</u></b>	<b><u>(355,226)</u></b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b><u>3,135,910</u></b>	<b><u>3,491,136</u></b>
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ 1,863,080</u></b>	<b><u>\$ 3,135,910</u></b>

*See accompanying Notes to the Financial Statements*

**CRIMINAL INJURIES COMPENSATION FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

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	<b>For the Year Ended June 30, 2007</b>			<b>For the Year Ended June 30, 2006</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>(Budgetary Basis)</b>
<b>SOURCES OF FINANCIAL RESOURCES</b>						
<b>FUND BALANCES, BEGINNING OF YEAR</b>	\$ 3,135,910	\$ 3,135,910	\$ 3,135,910	\$ 3,491,136	\$ 3,491,136	\$ 3,491,136
<b>REVENUES</b>						
Taxes	5,900,000	5,900,000	4,718,062	5,772,100	5,772,100	4,351,199
Fees	3,406,900	3,406,900	3,017,314	3,100,000	3,100,000	2,871,984
Federal	3,415,100	3,415,100	3,411,000	3,200,400	3,200,400	3,177,000
Interest income	0	0	331,847	0	0	362,985
Other	603,000	603,000	538,764	602,000	602,000	341,620
<b>OTHER FINANCIAL SOURCES</b>						
Transfer in	0	602,000	602,000	0	0	0
<b>TOTAL SOURCES OF FINANCIAL RESOURCES</b>	<u>16,460,910</u>	<u>17,062,910</u>	<u>15,754,897</u>	<u>16,165,636</u>	<u>16,165,636</u>	<u>14,595,924</u>
<b>USES OF FINANCIAL RESOURCES</b>						
<b>EXPENDITURES</b>						
Claim payments	12,500,000	13,397,600	12,907,574	12,500,000	12,500,000	10,516,432
Victims' coalition grant	0	100,000	100,000	0	0	100,000
District Attorneys General grant	0	204,400	197,591	0	0	164,400
Administrative cost	825,000	825,000	686,652	776,500	776,500	679,182
<b>TOTAL USES OF FINANCIAL RESOURCES</b>	<u>113,325,000</u>	<u>14,527,000</u>	<u>13,891,817</u>	<u>13,276,500</u>	<u>13,276,500</u>	<u>11,460,014</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 3,135,910</u>	<u>\$ 2,535,910</u>	<u>\$ 1,863,080</u>	<u>\$ 2,889,136</u>	<u>\$ 2,889,136</u>	<u>\$ 3,135,910</u>

*See accompanying Notes to the Financial Statements*

**CRIMINAL INJURIES COMPENSATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 AND JUNE 30, 2006**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

The Criminal Injuries Compensation Fund is part of the primary government and has been included in the *Tennessee Comprehensive Annual Financial Report* as a special revenue fund. The Criminal Injuries Compensation Program (CIC) is funded through privilege and litigation taxes assessed in courts against certain criminal defendants upon conviction, fees levied against parolees, probationers and employed releasees, proceeds from sales of illegal contraband and bond forfeitures in felony cases, donations from individuals serving as jurors, interest income and a federal grant. Payments made under the CIC program are intended to defray the costs of medical services, loss of earnings, burial costs, and other pecuniary losses to either the victim of a crime or to the dependents of deceased victims.

**2. Measurement Focus and Basis of Accounting**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recorded when they become both measurable and available, and expenditures are recognized at the time the fund liabilities are incurred. For revenue recognition purposes, taxes and fees are considered to be available if received in the first sixty days of the new year. Federal grants, departmental services, and interest associated with the current fiscal year are all considered to be available if received in twelve months. All other revenue items are considered to be measurable and available only when cash is received by the Criminal Injuries Compensation Fund.

**3. Cash**

The primary government's policy regarding the definition of Cash and Cash Equivalents includes cash management pools as cash. Cash deposited in the Criminal Injuries Compensation Fund is pooled with the State Pooled Investment Fund (SPIF), administered by the State Treasurer, which is authorized by statute to invest funds in accordance with policy guidelines approved by the Funding Board of the State of Tennessee. The current resolution of that board gives the Treasurer authority to invest in collateralized certificates of deposit in authorized state depositories, prime commercial paper, prime bankers' acceptances, certain repurchase agreements, and various U.S. Treasury and Agency obligations. The SPIF is also authorized to enter into securities lending agreements in which U.S. Government securities may be loaned for a fee. The loaned securities are transferred to the borrower by the custodial agent upon simultaneous receipt of collateral securities. The SPIF has not obtained a credit quality rating from a nationally recognized ratings agency. Risk disclosures relative to the SPIF are presented in the *Tennessee Comprehensive Annual Financial Report*. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Eighth Avenue North, Nashville, Tennessee 37243-0298.

**4. Budgetary Process**

Legislation requires that annual budgets be adopted for special revenue funds. The CIC budget is included in the budget presented by the Governor to the General Assembly at the beginning of each annual legislative session. The CIC annual budget is prepared on the modified accrual basis of accounting. Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting program changes or administrative intradepartmental transfers, may be affected with certain executive and legislative branch approval. Only the legislature may transfer appropriations between departments.

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**CRIMINAL INJURIES COMPENSATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 AND JUNE 30, 2006**

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**B. OTHER ACCOUNTING DISCLOSURES**

**1. Reserves**

A reserve has been established for the Victims of Drunk Drivers Compensation Fund (VDDC) which is included in the Criminal Injuries Compensation Fund. A requirement of the CIC and VDDC combination is that a reserve be established annually for an amount equal to three times the awards paid for VDDC during the fiscal year. *Chapter 761 of the Public Acts of 1992* discusses the fund combination as well as the VDDC reserve requirement.

**2. Other Financing Sources**

Effective June 30, 2007, \$602,000 was transferred from the State's general fund in accordance with *Chapter 963 of the Public Acts of 2006* to meet the expenditure requirements of the fund.